

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7891

BILL NUMBER: HB 1596

DATE PREPARED: Jan 9, 2001

BILL AMENDED:

SUBJECT: Local revenue commitments.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: Local

Summary of Legislation: The bill prohibits the use of Riverboat Admissions Tax or Riverboat Wagering Tax revenue as a pledge for bonds, leases, or other obligations. The bill provides that contracts for services may be entered for a maximum period of four years. The bill also provides that a contract entered by a city, town, township, or county must have a clause allowing a revocation of the contract by the city, town, township, or county that entered the contract.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill could potentially increase the overall cost to local government units of contracting for services or supplies. First, the bill limits local government contracts for services to a length of four years. Currently, local governments can enter into service contracts of any length. This could have an impact if limiting the length of service contracts would interfere with the ability of local units to obtain lower rates or prices for services through longer term contracts. Second, the bill requires local government units to include in any contract a clause allowing a revocation of the contract by the local unit. This could potentially increase contract costs if vendor's expectations of incurring losses due to revocation were to: (1) Increase the selling price of services or supplies; (2) lead to the inclusion of provisions in contracts stipulating liquidated damage awards to vendors in the event of a contract revocation; or (3) lead to an increase in the amount of such awards.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local Government Units.

Information Sources: